

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
100 USDA, Suite 102
Stillwater, Oklahoma 74074-2653

OK Notice FLP-467

For: County Offices

2-FLP

**Gold Bank
Preferred Lender Program Status**

Approved by: State Executive Director



1 Overview

A Background

2-FLP governs the processing and servicing of guaranteed loans. The Preferred Lender Program (PLP) allows lenders to originate and service guaranteed loans as they do their non-guaranteed loans.

B Purpose

The purpose of this notice is to:

- Advise County Offices that the Gold Bank Credit Management System (CMS), has been updated and revised and approved by the Deputy Administrator Farm Loan Programs.
- Provide guidance and direction to staff to ensure continuous service to the Lender.

C Contact

Direct any questions concerning this notice to Patty Wanger at (405) 742-1052 in the Oklahoma State Office.

D Filing Instructions

This notice should be filed with the FLP series Notices.

Disposal Date	Distribution
September 22, 2005	Farm Loan Program Teams, County Offices, DD's, COR's

2 Action

A County Office Action

The trade areas of Gold Bank Oklahoma and Gold Bank Kansas have been combined under one Farm Service Agency (FSA) Lender's Agreement. Attached is a copy of the revised Lender's Agreement and Credit Management System (CMS), which replaces the CMS that is attached to the bank's master May 25, 1999, Lender's Agreement (**maintain and do not destroy**) on file.

The PLP status remains in effect to September 22, 2005.

PLP lenders will use their own CMS for originating and servicing FLP-guaranteed loans. Any action not addressed in the CMS will then be in accordance with 2-FLP, as a CLP lender.

The County Office shall develop and maintain an operational file on each lender. This file will contain the information outlined in 2-FLP Par. 48 B, Operational File.

B Loan Making

Only Gold Bank employees listed in the CMS assigned to the Guaranteed FLP PLP Credit Team can submit guaranteed loan applications. All PLP guaranteed loan applications should be filed with the Farm Loan Manager servicing the county which has been designated as the centralized PLP application-processing county.

Under Par. 83 B, PLP applications must be approved or rejected and the lender also notified of the decision within 14 calendar days of the complete application.

C Loan Servicing

All PLP guaranteed loans, once closed, shall be sent to the Farm Loan Manager servicing the county where the borrower's principal residence on the farm is located. If the borrower's residence is not located on the farm or the borrower is an entity, the loan will be serviced in the county where the farm or major portion of the farm is located, unless otherwise approved by the State Office.

If not covered under the CMS, Gold Bank must follow the servicing requirements for CLP lenders found in 2-FLP Handbook.

All loan servicing actions on existing guaranteed loans will be based on the current CMS in effect, regardless if the loan was approved under a previous CMS revision.

D PLP Designated Loan Officers

A complete list of current persons designated to be involved with the FSA Guaranteed Loan Program for Gold Bank, is provided in OK Notice FLP-449, as outlined in their CMS.

E CMS Interpretation

Contact the FLP Section at the State Office for any assistance and/or guidance in regards to the interpretation of Gold Bank's PLP Lender's Agreement/Credit Management System (CMS).

RECEIVED
APR 27 2004
OK State Office
Farm Loan Programs

Mr. Michael Bonnett
Senior Vice President
Gold Bank
Post Office Box 5068
510 Commerce
Enid, Oklahoma 73703

Dear Mr. Bonnett:

We have approved your April 6, 2004, request to combine the trade areas of Gold Bank Kansas and Gold Bank Oklahoma under one Farm Service Agency (FSA) Lender's Agreement with Preferred Lender (PLP) status. The attached Lender's Agreement replaces the existing PLP Lender's Agreements between FSA and Gold Bank Kansas and Gold Bank Oklahoma.

Thank you for your continuing interest and participation in FSA's guaranteed loan programs.

Sincerely,

/s/ Carolyn B. Cooksie

Carolyn B. Cooksie
Deputy Administrator for
Farm Loan Programs

Enclosures

CC:- OK, KS NE TX NM CO AR

FSA-1980-38
(06-09-99)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

LENDER'S AGREEMENT

See page 6 for Privacy Act and Public Burden Statements.

The purpose of this Agreement is to establish the lender as an approved participant in the guaranteed loan programs of the Farm Service Agency, U.S. Department of Agriculture. This Agreement provides the terms and conditions for originating and servicing such loans, including lines of credit. Provide the requested information, read this agreement in its entirety and sign in the space on the last page. Your signature indicates consent with this agreement.

Part A - Background Information

1. Lender's Name and Mailing Address GOLD BANK P O BOX 5068 ENID, OK 73702-5068	2. Tax Identification Number 48-0357520
	3. Telephone Number (include area code) 580/234-1263

4. This agreement establishes the above lender as a:

☒ Preferred Lender (PLP) ☐ Certified Lender (CLP) ☐ Standard Eligible Lender (SEL)

5. The following suboffices of the lender are covered under this agreement:

☒ All Offices

6. The lender is authorized to submit loan guarantees in the following FSA Offices:

PLP status covers:
All Oklahoma Counties
All Kansas Counties and the contiguous counties in Missouri and Nebraska and Johnson County, Nebraska, a non-contiguous county
Texas Counties - Dallam, Hansford, Lipscomb, Ochiltree and Sherman
New Mexico Counties - Union
Colorado Counties - Baca, Prowers
Arkansas Counties - Lafayette, Miller, Columbia, Nevada, Hempstead and Little River

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

Part B - Duties and Responsibilities of FSA ("Agency")

1. **Payment of Claims** - Agency agrees to make payment on its claims in accordance with the terms of the guarantee and Agency regulations in 7 C.F.R. part 762. The maximum loss payment may not exceed the amount determined in the guarantee, including the percentage of principal and any accrued interest, protective advances, and emergency advances. The guarantee is supported by the full faith and credit of the United States and is incontestable except under the circumstances of fraud or misrepresentation of which the lender has actual knowledge at the execution of the guarantee or which the lender participates in or condones.
2. **Personnel Available for Consultation** - Agency shall make personnel available for consultation on interpretations of Agency regulations and guidelines. The lender may consult with Agency personnel regarding unusual underwriting, loan closing, and loan liquidation questions.

Part C - General Requirements of the Lender

1. **Eligibility to Participate** - The lender must meet the requirement contained in 7 C.F.R. part 762 and be approved by the Agency to be a participant in the Guaranteed Loan Program.
2. **Knowledge of Program Requirements** - The lender is required to obtain and keep itself informed of all program regulations and guidelines, including all amendments and revisions. The lender must establish and maintain adequate and written internal policies for loan origination and servicing to meet these requirements. These policies will be made available to the Agency for review when requested.
3. **Notification** - The lender shall immediately notify the Agency in writing if the lender:
 - a. Becomes insolvent;
 - b. Has filed for any type of bankruptcy protection, has been forced into involuntary bankruptcy, or has requested an assignment for the benefit of creditors;
 - c. Has taken any action to cease operations, or to discontinue servicing or liquidating any or all of its portfolio guaranteed by the Government;
 - d. Has changed its name, location, address, tax identification number, or corporate structure;
 - e. Has been debarred, suspended, or sanctioned in connection with its participation in any Federal guaranteed program; or
 - f. Has been debarred, suspended, or sanctioned by any Federal or State licensing or certification authority.
4. **Employee Qualifications** - The lender shall maintain a staff that is well trained and experienced in origination and loan servicing functions, as necessary to ensure the capability of performing all the acts within its authority.
5. **Conflict of Interest** - When a lender applies for a guaranteed loan, the lender will inform the Agency in writing of any relationships which could result in a conflict of interest or the appearance of a conflict of interest. Reportable relationships include:
 - a. The lender or its officers, directors, principal stockholders (except stockholders in a Farm Credit System institution that have stock requirements to obtain a loan), or other principal owners having a financial interest in the loan applicant or borrower.
 - b. The loan applicant or borrower, a relative of the loan applicant or borrower, anyone residing in the household of the loan applicant or borrower, any officer, director, stockholder or other owner of the loan applicant or borrower holds any stock or other evidence of ownership in the lender.
 - c. The loan applicant or borrower, a relative of the loan applicant or borrower, or anyone residing in the household of the loan applicant or borrower is an Agency employee.
 - d. The officers, director, principal stockholders (except stockholders in a Farm Credit System institution that have stock requirements to obtain a loan), or other principal owners of the lender having substantial business dealings (other than in the normal course of business) with the loan applicant or borrower.
 - e. The lender or its officers, directors, principal stockholders, or other principal owners have substantial business dealings with an Agency employee.

Part D - Underwriting Requirements

1. Responsibility

The lender is responsible for originating, servicing, and collecting all guaranteed loans in accordance with Agency regulations.

2. Origination Process

- a. General Eligibility. The lender shall make a preliminary determination whether loan applicants meet the general eligibility requirements in Agency regulations. Agency will make the final determination.

Part D - Underwriting Requirements (continued)

- b. Delinquency on Federal Debt. The lender shall determine whether the loan applicant is delinquent on any Federal debt. The lender shall use credit reports and any other credit history in making this determination. If the loan applicant is delinquent on or a judgment debtor on any Federal debt, processing of the application may only continue in accordance with Agency regulations.
 - c. Appraisals of Collateral. The lender shall ensure that the value of any collateral property or property to be purchased is determined by a qualified appraiser, including a certified appraiser when required by law or regulation.
 - d. Change in Borrower's Condition. Before the Agency issues a loan guarantee, the lender will certify that there has been no adverse change in the borrower's condition, financial or otherwise, since submission of the application for guaranteed loan. For use in this provision alone, the term "borrower" includes any member, joint operator, partner or stockholder.
 - e. Limitation on Guarantee. Late charges of any kind including default charges and default interest will not be covered by the guarantee.
3. **Loan Closing** - All loans guaranteed by the Agency shall be closed by attorneys, escrow companies, escrow departments of lending institutions, or other persons, or entities skilled and experienced in conducting loan closings. The lender shall:
- a. Ensure funds for the particular loan or line of credit will be used only for the purposes authorized in Agency regulations and as contained in the conditional commitment;
 - b. Ensure that documents, including the mortgage and any security agreements, chattel mortgages or equivalent documents relating to it have been properly signed, are valid and contain terms enforceable by the lender;
 - c. Ensure that all security with appropriate lien priorities is obtained in accordance with the conditional commitment and Agency regulations;
 - d. Ensure that all closing documents required to be recorded are recorded accurately, in the appropriate offices, and in a timely and accurate manner;
 - e. Ensure that security interests are perfected in collateral according to applicable regulatory requirements and procedures;
 - f. Ensure that all required hazard insurance will be obtained in accordance with Agency regulations or is now in effect;
 - g. Collect all fees and costs due and payable by the borrower in the course of the loan transaction and disburse payment directly to the parties for services rendered;
 - h. Ensure that construction, relocation, repairs, or development will be complete in accordance with applicable drawings and specifications;
 - i. Ensure the borrower has marketable title to security property now owned, and will obtain such title to any additional property to be acquired with loan funds, subject only to the instruments securing the loan to be guaranteed and any other exceptions set forth in Agency regulations;
 - j. The entire loan will be secured equally with the same security and the same lien priority for both the guaranteed and unguaranteed portions of the loan, under the assurance that the unguaranteed portion of the loan will not be paid first nor given priority over the guaranteed portion of the loan;
 - k. Submit the required guarantee fee with the guaranteed loan closing report.
4. **Restriction and Disclosure of Lobbying Activities** - If any funds have been or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with this commitment providing for the United States to guarantee a loan, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into any transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Part E - Servicing Requirements

- 1. **Responsibilities** - The lender will service the entire loan as mortgagee and secured party of record in a reasonable and prudent manner, notwithstanding the fact that another party (holder) may hold a portion of the loan.
- 2. **Supervision** - The lender's responsibilities regarding borrower supervision include, but are not limited to, the following:
 - a. Ensure loan funds are not used for any unauthorized purpose.
 - b. Ensure borrower compliance with the covenants and provisions provided in the note, loan agreement, security instruments, any other agreements, and 7 C.F.R. part 762.
 - c. Perform an annual analysis of the borrower's financial condition to determine the borrower's progress when required by Agency regulations.

Part E - Servicing Requirements (continued)

- d. Account for all collateral.
 - e. Discuss any observations about the farm business with the borrower.
 - f. Ensure the borrower and any party liable for the loan is not released from liability for all or any part of the loan, except in accordance with Agency regulations.
3. **Reporting Requirements** - The lender recognizes that the Agency, as guarantor, has a vital interest in ensuring that all acts performed by the lender regarding the subject loans are performed in compliance with this agreement and Agency regulations. Information on the status of guaranteed loans is necessary for this purpose, as well as to satisfy budget and accounting reporting required by the Department of Treasury and the Office of Management and Budget. The lender agrees to provide Agency with all the data required under Agency regulations and any additional information necessary to monitor the status of its guaranteed loan portfolio, and to satisfy external reporting requirements.
- The lender also agrees to provide to the Agency upon request, copies of audited financial statements, reports on internal controls, copies of compliance audits, and such other information that may be required of the Agency to monitor the lender's performance.
4. **Negligent Servicing** - The guarantee cannot be enforced by the lender to the extent a loss results from a violation of usury laws or negligent servicing regardless of when the Agency discovers such violation or negligence. Negligent servicing is defined as the failure to perform services which a reasonably prudent lender would perform in servicing its own portfolio of loans that are not guaranteed. The term includes both a failure to act and not acting in a timely manner to include actions taken up to the time of loan maturity or until final loss is paid.
5. **Payments** - Payments from the borrower shall be reviewed by the lender and processed upon receipt according to Agency regulations, and may include escrow premiums for hazard insurance and real estate taxes. The lender shall promptly disburse to any holder the holder's pro rata share according to their respective interests in the loan, less only the lender's servicing fee.
6. **Collateral**
- a. Insurance. The lender shall ensure that adequate insurance is maintained in accordance with Agency regulations, including the maintenance of property, casualty, flood, and hazard insurance containing a loss payable clause in favor of the lender as the mortgagee or secured party.
 - b. Escrow Accounts. The lender may establish separate escrow accounts. All escrow accounts must meet applicable Federal and State laws and regulations, and must be fully insured by the FDIC or cross collateralized with unencumbered Government Securities.
 - c. Inspection. The lender shall inspect the collateral as often as necessary to properly service the loan and ensure the collateral is being properly maintained.
 - d. Taxes. The lender shall ensure that taxes, assessments, or ground rents against or affecting collateral are paid.
7. **Delinquent Accounts**
- a. A guaranteed loan is in default after 30 days have passed and the borrower has not made a payment as due or has otherwise violated a loan agreement. The lender is responsible for resolution of the default. The lender will notify the Agency using an FSA default status report when a borrower is 45 days past due or otherwise in default. This report will be submitted every 60 days thereafter and will contain a summary of collection, restructuring or liquidation steps taken since the previous report.
 - b. The lender may take actions to correct the default as provided in 7 C.F.R. part 762. A loan that has been sold on the secondary market can only be restructured if the loan is repurchased or upon written concurrence from the holder.
 - c. The lender will work in good faith with the borrower to allow them to cure the default, where reasonable. The lender must participate in mandatory farmer-creditor mediation in accordance with 7 C.F.R. part 762, State law and the rules that govern the mediation program that operates in the State in which the borrower resides.
 - d. The lender must consider the borrower for interest assistance as provided in 7 C.F.R. part 762. If the lender determines that default can be cured by rescheduling the loan with interest assistance, lender will request a determination of the borrower's eligibility by the Agency. Liquidation or foreclosure cannot be initiated until 60 days after consideration.
8. **Sales or Participation**
- a. The guaranteed portion of loans may be sold in accordance with 7 C.F.R. part 762. Lines of credit cannot be sold, but may be participated with other lenders.
 - b. When a loan has been sold, the holder can demand that the lender repurchase the unpaid guaranteed portion of a loan in accordance with the FSA assignment of guarantee.

Part E - Servicing Requirements (continued)

- c. If the lender is unable to repurchase, the holder may make a demand for repurchase to the Agency. Repurchase by the Agency in no way alters lender responsibilities to the loan under this agreement or the loan guarantee. A restructuring action may not be executed once the Agency has repurchased the guaranteed portion of the loan and within 180 days the lender must reimburse the Agency for the repurchase or liquidate the loan in accordance with Agency regulations. Lender must send the pro rata share of the borrower's payments directly to the Agency until liquidation is complete.
 - d. Failure to reimburse the Agency within 180 days for repurchase, if not waived by the Agency, is a violation of this agreement.
9. **Default/Liquidation**
- a. Protective Advances. Protective advances must constitute a debt of the borrower to the lender and be secured by the security instrument. Agency written authorization is required for protective advances in accordance with the terms and amounts specified by 7 C.F.R. part 762 regulations.
 - b. Additional Loan or Advances. In cases of a Line of Credit, the lender may make an emergency advance when a line of credit has reached its ceiling and additional funds are needed to prevent an imminent loss of crops or livestock that would take place if the emergency advance were not made. The lender must provide Agency with an analysis as required by Agency regulations.
 - c. Future Recovery. After a loan has been liquidated and a final loss has been paid by the Agency, any future funds which may be recovered from the borrower will be pro-rated between the Agency and the lender.
 - d. Bankruptcy. The lender is responsible for protecting the guaranteed loan debt and all collateral securing the loan in bankruptcy proceedings. Loss payments on bankruptcy cases will be processed according to the terms described in Agency regulations.
 - e. Liquidation. Liquidations must receive prior Agency concurrence when required by regulations.
 - f. Loss Claims. The lender will submit an estimated loss claim to the Agency in the event liquidation will exceed 90 days. Estimated and final claims will be processed in accordance with the terms described in Agency regulations.
10. **Servicer** - If the lender contracts for servicing of guaranteed loans, the lender is not relieved of responsibility for proper servicing of the loans.

Part F - Agency Reviews of Lender's Operations

The Agency may conduct reviews, including on-site reviews, of the lender's operations and the operations of any agent of the lender, for the purpose of verifying compliance with this agreement and Agency regulations and guidelines. These reviews may include, but are not limited to, audits of case files; interviews with owners, managers, and staff; audits of collateral; and inspections of the lender's and its agents underwriting, servicing, and liquidation guidelines. The lender and its agents shall provide access to all pertinent information to allow the Agency, or any party authorized by the Agency, to conduct such reviews.

Part G - Conformance to Standards

1. The lender shall conform to the standards outlined in this agreement and Agency regulations for participation in the Agency's guaranteed loan program. CLP and PLP must maintain compliance with the criteria set forth in 7 C.F.R. part 762. The Agency shall determine lender adherence to the standards based on:
 - a. Adequacy in meeting requirements for origination, servicing, and liquidation of loans and lines of credit, including protection of collateral;
 - b. Satisfaction of the reporting requirements of the Agency;
 - c. Success in operating in a sound, prudent and businesslike manner;
 - d. Portfolio performance compared to overall performance of the Agency's guaranteed loan program; and
 - e. Results of on-site reviews of the underwriting and servicing performed by the lender.
2. **Determination of Non-Conformance** - The Agency shall carefully consider the circumstances and available facts in determining whether there is a pattern of lender non-conformance with applicable standards. The Agency shall determine the propriety of any decision made by the lender based on facts available at the time the specific action was taken. It is understood by the Agency and intended by this agreement that the lender has the authority to exercise reasonable judgement in performing acts within its authority. However, the Agency reserves the right to question any act performed or conclusion drawn that is inconsistent with this agreement or Agency regulations or prudent lending practices.
3. **Agency Action** - If the lender is determined to be in non-conformance with any Federal law, State law, Agency regulation, or guideline, or the terms of this agreement, the Agency may take action in accordance with its laws and regulations.
4. **Lender Right of Appeal** - The Agency will provide the lender an opportunity to appeal adverse Agency actions in accordance with Agency regulations.

Part H - List of Agency Regulations and Guidelines and Designation of Lender Authority to Perform Certain Acts


1. **List of Agency Regulations** - The guaranteed loan program is administered under 7 C.F.R. part 762. The lender is required to comply with these regulations as well as any future amendments not inconsistent with this Agreement.
2. **Authority to Perform Certain Acts** - Agency regulations describe the authorities and responsibilities for lenders. In addition, PLP will process and service loans as described in their application for PLP status approved by the Agency. This application is described in the preferred lender program attachment to this agreement. The lender further agrees to inform the Agency and obtain approval on changes to any policy or process described in the application for PLP status.

Part I - Duration and Modification

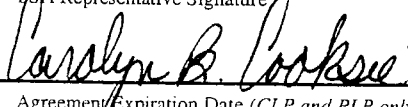
1. **Duration and Termination**
 - a. **Duration and Agreement** - For CLP and PLP, the Agreement is valid for five years unless terminated by the lender or the Agency as described below or revoked according to Agency regulations. For SELs, this agreement will be valid indefinitely unless terminated by the lender or Agency as described below.
 - b. **Modification of Agreement** - This agreement may be modified or extended only in writing and by consent of all parties.
 - c. **Termination by Agency** - This agreement may be terminated by the Agency in accordance with Agency regulations.
 - d. **Termination by the Lender** - This agreement may be terminated by the lender by providing 30 days written notice to the Agency.
 - e. **Effect of Termination on Responsibilities and Liabilities** - Responsibilities or liabilities that existed before the termination of the agreement with regard to outstanding guarantees will continue to exist after termination unless the Agency expressly releases the lender from such responsibilities or liabilities in writing. The lender shall remain obligated to service and liquidate the guaranteed loans remaining in the portfolio unless and until the Agency or the lender transfers the loans. These requirements concerning loan management by the lender and rights of the Agency under this agreement shall remain in effect whether the agreement is terminated by the lender or Agency.
 - f. **Revocation of CLP or PLP status** - If the Agency revokes CLP or PLP status, loans made while the lender held this status must continue to be serviced under this agreement and according to Agency regulations applying to SELs or CLP, whichever status the lender then holds.
2. **Entire Agreement** - This agreement, Parts A through K inclusive along with any attachments, and any regulations or guidelines incorporated by reference shall constitute the entire agreement. There are no other agreements, written or oral, regarding the terms in this agreement which are or shall be binding on the parties.

Part J - Certification

I certify that I have read and understand the requirements in the agreement, and in 7 C.F.R. part 762, and agree to the participation requirements and other provisions of this agreement.

1. Name and Title of Lender Representative MICHAEL BONNETT, SR. VICE PRESIDENT	2. Authorized Lender Representative Signature 	Date April 6, 2004
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Part K - FSA Use Only

1. Name and Title of FSA Representative CAROLYN B. COOKSIE, DEPUTY ADMINISTRATOR FOR FARM LOAN PROGRAMS	2. FSA Representative Signature 	Date 4/19/04
3. Effective Date of Agreement APRIL 19, 2004	4. Agreement Expiration Date (CLP and PLP only) SEPTEMBER 22, 2005	

NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a): the Farm Service Agency (FSA) is authorized by the Consolidated Farm and Rural Development Act (7 USC 1921 et seq.) and the regulations promulgated thereunder, to solicit the information requested on this agreement. The information requested is necessary for FSA to determine eligibility for guarantee or other financial assistance, service your guarantee, and conduct statistical analyses. Supplied information may be furnished to other Department of Agriculture agencies, the Department of the Treasury, the Department of Justice or other law enforcement agencies, the Department of Defense, the Department of Housing and Urban Development, the Department of Labor, the United States Postal Service, or other Federal, State, or local agencies as required or permitted by law. In addition, information may be referred to interested parties under the Freedom of Information Act (FOIA), to financial consultants, advisors, lending institutions, packagers, agents, and private or commercial credit sources, to collection or servicing contractors, to credit reporting agencies, to private attorneys under contract with FSA or the Department of Justice, to business firms in the trade area that buy chattel or crops or sell them for commission, to Members of Congress or Congressional staff members, or to courts or adjudicative bodies. Disclosure of the information requested is voluntary. However, failure to disclose certain items of information requested, including your Social Security Number or Federal Tax Identification Number, may result in a delay in the processing of an application or its rejection.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0155. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR LOCAL FSA OFFICE.

**PREFERRED LENDER PROGRAM ATTACHMENT TO FORM FSA 1980-38,
"LENDER'S AGREEMENT"**

Gold Bank

The following information summarizes the credit management system requirements provided in the Lender's request for preferred lender status, with attachments and exhibits. Requirements for loan administration, servicing and reporting activities not addressed in this attachment are governed by the attached form FSA-1980-38, "Lender's Agreement" and 7 CFR 762.

I. GENERAL OPERATIONS

A. Trade Area

Gold Bank's primary trade area centers around the communities in which Gold Banks are located. This will include not only the county where the Lender is located, but also the contiguous counties. A detailed listing of Gold Bank locations and the counties considered Gold Bank's primary trade area was included with the Lender's Preferred Lender Program (PLP) application; this information is being retained in the Farm Service Agency (FSA) National Office. In some instances, loans will be made outside this defined region, in which case there should be natural ties to the Lender's primary market area. The Lender will follow local customers into other markets when its ability to understand and monitor the entire business is not jeopardized.

PLP status covers: All Oklahoma counties, all Kansas counties and the contiguous counties in Missouri and Nebraska and Johnson County, Nebraska, a non-contiguous county, Texas counties of Dallam, Hansford, Lipscomb, Ochiltree and Sherman, New Mexico counties of Union, Colorado counties of Baca and Prowers and Arkansas counties of Lafayette, Miller, Columbia, Nevada, Hempstead and Little River.

Gold Bank will consider financing of a wide range of commodities. Each bank location will generally finance all commodities common to the area. Specialized operations that produce commodities not common to an area will be considered on a case-by-case basis, depending on the officer's knowledge of the operation and the strength of the customer.

B. Lending Authority

Gold Bank has established a structure of lending authority that ensures a consistent quality of loan approval. This structure begins at the local loan officer level and requires additional review as the credit warrants. Each loan officer within Gold Bank is assigned a lending authority based on the total outstanding commitment to a borrower. These limits are set according to an officer's lending experience and knowledge of the area's agriculture. When the credit exceeds the loan officer's lending authority, it will be presented to the loan

committee. When the committee's authority is exceeded, concurrence by a Gold Banc Corporation representative will be required.

Given the nature of the risk involved with guaranteed loans, all new guaranteed loans and annual reviews of existing guarantees, regardless of size, will be presented and reviewed for approval by the loan committee.

C. Loan Application

All loan applications to FSA will utilize the Gold Bank application and relationship credit memo that covers the 5 C's of credit. This memo will be reviewed by the loan committee. In addition, the 1980-28 will also be submitted for new guarantees. Annual review of guaranteed loans will also utilize the same credit memo format.

Supporting documentation for analysis of the credit will include:

1. Documented farm visit
2. Current balance sheet on all principals, major shareholders, and guarantors
3. Historical balance sheets on all principals, major shareholder, and guarantors for the past 3 years
4. Verification of income and expense history from past 3 years
5. Production history on crops and livestock obtained to determine projected production
6. Signed debt verifications for all debts over \$1,000
7. Credit reports on all parties
8. Verification of employment

D. Use of Agents, Consultants and Packager

Gold Bank will not use a packager to originate new guarantees or perform the annual review analysis of existing guarantees. Gold Bank officers and personnel will complete the applications and also perform the annual review analysis of guaranteed loans.

E. Interest Rates

1. All loans are graded on five general areas, including operating statement, financial condition, management, industry (economic, business and political conditions) and collateral. The average score of these five categories becomes the loan grade. Grades range from one (excellent quality) to eight (charge off). The Lender will not submit a guarantee request to FSA for a loan graded seven or higher.
2. Rate is a function of risk and local market conditions. Higher grade loans will generally carry higher interest rates to offset loan risk. However, interest rates on FSA guaranteed loans will not exceed the Lender's average farm loan customer rate for like credits. In addition, the local market plays a strong role in setting the rate and will vary from Gold Bank to Gold Bank. As a general rule, livestock, equipment and operating loans will carry an interest rate from one to three percent over prime. Real estate loans will carry an interest rate from prime to prime plus two percent. Most loans are written on a variable rate of interest index with New York Prime rate being the most common index.

II. UNDERWRITING

The criteria described below are the minimum criteria mandatory for all loans. In all cases, if a proposal indicates a weakness in one or more credit measures, this weakness will be offset by strengths in other measures. In all cases, the loan narrative will describe the credit factors and provide justification for making a loan with a weakness, in one or more credit measures.

A. Financial Feasibility

Minimum of 100% term debt and capital lease coverage ratio will be required. Weaknesses in repayment capacity will be offset by strengths in other credit factors.

B. Capital Analysis

Minimum working capital ratio is 1: 1, a 10% working capital equity position is preferred. Loan collateral position minimum is 1: 1.

C. Security

Operating Loans.

- Growing crop advances should not exceed 100% of assigned and acknowledged crop insurance.
- Crop loans are to be secured by crops being grown with the farm and its equipment normally taken as secondary collateral.
- Livestock loans are to be secured by livestock being purchased. The farm real estate and its equipment may be taken as secondary collateral.
- Harvested crops should not exceed 100% of current or contracted value if "covered."
- Stocker cattle loans shall not exceed purchase price, or after weight gains are considered, 100% of current market value.
- Cow/Calf loans shall not exceed 100% of current market value.
- Weaned calves may be valued up to 100%.
- Values of registered or specialized livestock with weak or thin markets should be justified in the loan approval process.

Intermediate loans to purchase or refinance production assets

- Preferably, perfected first lien positions will be taken to support the loan.
- Second liens may be appropriate behind first liens, provided the bulk of the asset value is available.
- Cow/calf breeding stock loans should not exceed 100% of current market value.
- Machinery and equipment loans should not exceed 100% of purchase cost or appraised fair market value.

Real Estate loans to purchase or refinance farm land

- Loans should not exceed 100% of the appraised value or current arms length purchase price. Second liens should be supported by the bulk of the asset value after deducting the first lien.

Appraisals

- State Certified General appraisers will be used for all real estate security over \$250,000 and will normally be used for loans under \$250,000 if available in the area.
- Real estate appraisals shall not be older than 12 months.
- Chattel security will be appraised by an independent third party appraiser for all new loans and at the time of annual credit reviews. Loan officers may evaluate collateral during the year.
- All chattel appraisals should not be older than 90 days on current assets and 6 months on intermediate assets.

II ROUTINE LOAN SERVICING

A. Borrower Monitoring and Supervision

1. Annual borrower reviews: See General Operations. Also, see Lender's promissory note, loan agreement security agreement, and FSA Guaranteed Loan Agreement for financial information requested for analysis. Annual reviews will include the following:
 - Updated appraisals of livestock and equipment. (Semi-annual inspections for stocker cattle operations.)
 - A current balance sheet for borrower and any personal guarantors.
 - An analysis of current assets, crop condition, livestock conditions, prices and the likelihood of payment of operating credit and term debt obligations due in current cycle.
 - An income and expense statement. (IRS Form 1040, Schedule C or F, FSA Form 431-2, Farm and Home Plan, Farm Equity Manager report, customer's computerized records or similar form).
 - A comparison of projected to actual financial results and trends.
 - Cash flow projection for the upcoming year. For lines of credit, a feasible plan (See 7 CFR 762.102(b)) will be documented before the operation is financed for another year. Review capital purchase and consumer credit needs projected for next year.
 - Assessment of farm and farmstead condition.
2. Advances on lines of credit.

- A loan advance and payment file will be maintained for each guaranteed line of credit.
 - Advances are requested in writing by the borrower on a "Loan Advance Request."
 - Advances and payments are tracked in the Lender's headquarters office on an automated spreadsheet and itemized based on projected expense categories. Spreadsheet is checked against projections for deviations. Livestock operation lines of credit are also tracked using livestock inventory control records and inspection reports.
 - Copies of advance and payment documents are maintained in an advance file in the market office as well as the customer file in Enid, Oklahoma.
3. Acquisition and lien priority of planned capital purchase or ownership of basic security will be verified by loan officer visit, Bill of Sale, vehicle title, deed, lien search or similar.
 4. Use of Proceeds: Proceeds from the sale of security will be applied to the debt according to lien priority. The source of proceeds, including bushels, weights, and size will be verified with receipts in those cases where the borrowers records are not accurate. Source of payment funds will be documented on the loan payment ledger.
 5. Reporting: Regular reports will be provided by Lender to FSA according to section 762.141(b) of 7 CFR part 762.

B. Additional Loans

1. No restrictions are placed on the Lender making unguaranteed loans to FSA guaranteed loan borrowers. If unguaranteed loans are made, the security and payment requirements of sections 762.126(c), 762.126(e)(2) and 762.140(d) of 7 CFR part 762 will be met.
2. The Lender may make emergency advances without written approval from FSA in accordance with section 762.146(a)(3) of 7 CFR part 762. The promissory note (see Exhibit 16) indicates that the unpaid balance will never exceed the principal amount; an emergency advance will require amendment of the note. Emergency advances will not require amendment of the security agreement as provided by section 111(2)(b) of the Security Agreement

C. Security Releases

1. Security is typically not released without consideration. Exceptions may be made when the security has little or no value as loan collateral.
2. When a borrower requests that security be released, supporting documentation will be retained in the Lender's loan file, including a balance sheet, an appraisal (if required for loan approval), calculation of the adequacy of the collateral remaining after the release, projected cash flow demonstrating continued repayment ability, written approval of release by the Senior Vice President in charge of FSA guaranteed lending, and amendments to collateral lists and changes to security instruments if required.

D. Subordinations

Guaranteed loan collateral positions will not be subordinated to secure another debt, except in accordance with the section 762.142(c) of 7 CFR part 762.

E. Interest Assistance

Approval, servicing and reporting requirements for loans with interest assistance will be in accordance with Form FSA 1980-64, "Interest Assistance Agreement," and section 762.150 of 7 CFR part 762. These provisions are not amended by this attachment.

F. Loan Consolidations

1. The consolidation of two or more FSA guaranteed loans may be carried out in accordance with the requirements of section 762.146(e) of 7 CFR part 762.
2. Lender will notify FSA that a consolidation has been processed and provide an explanation of the action and a copy of the consolidated note.
3. FSA will provide an executed Form FSA-1980-84, "Modification of Guarantee," indicating the new principal and guaranteed amount, and will forward it to the Lender for attachment to the original guarantees that were consolidated for maintenance in the Lender's customer file.

G. Sale or Participation of Loan

The provisions of sections 762.144 and 762.160 of 7 CFR part 762, Form FSA-1980-38, "Lender's Agreement," and Form FSA-1980-36, "Assignment of Guarantee," will govern sales and participation of loans. These provisions are not amended by this attachment. Form FSA- 1980-36, agreements with holders, and other documents relating to sale of an FSA Guaranteed loan will be maintained in the borrower file.

IV DELINQUENT ACCOUNT SERVICING

A. Initiation

1. Responsible Loan Officer receives a report when loan becomes past due.
2. 30 days to 45 days past due: Written borrower default notification and request for payment. Meeting held with loan officer and borrower. Balance sheet, collateral evaluation report, projected cash flow and servicing plan are prepared unless a short term extension in the payment date is granted. Meeting summary and action taken will be documented in the customer file to resolve delinquency.

B. Restructure

1. If the cash flow prepared at the annual analysis projects less than a feasible plan (1.00 Term Debt and Capital Lease Coverage Ratio), the Lender will consider servicing options to improve the customer's situation before default occurs.
2. Borrower must be able to show adequate repayment on the restructured debt.

3. Loans will not be restructured with a balloon payment. Customers with documented short term cash flow deficiencies may have loans restructured with uneven payments.
4. Lines of credit rescheduled for up to 7 years, not to exceed 10 years from note origination. Advances will cease on rescheduled lines of credit.
5. Intermediate term notes rescheduled for not more than 15 years.
6. Real estate secured notes rescheduled for 25 years or less, up to 40 years from the original date of note.
7. The loan committee must approve capitalization of interest.
8. Projection for next year will be a feasible plan including rescheduled loan payments.
9. New note or allonge, Form FSA-1980-84, "Modification of Guarantee," copy of Form RD-1980- 47, "Guaranteed Loan Borrower Adjustments," copy of correspondence providing FSA a copy of note, and other documents as appropriate.

B. Deferral

Deferral will only be considered when it is in the best interest of the Lender and it has been determined that there is a good chance for the borrower to work through the period of cash flow shortage. The loan committee will approve all deferrals.

D. Writedown

Debt writedown outside of bankruptcy will be completed according to section 762.145(e) of 7 CFR part 762 and approved by FSA.

E. Reporting

See sections 762.141(a) and (b) of 7 CFR part 762. No additional reports are required of the Lender on all loans; however, additional reports may be required by FSA for specific loans. Loan specific FSA reporting requirements may be provided by the Agency on Form FSA-1980-15, "Conditional Commitment" when agreed to by the Lender.

F. Bankruptcy

See section 762.148 of 7 CFR part 762 for Lender requirements on bankrupt accounts.

V. LIQUIDATION

- All real estate liquidation action will be supported by a current appraisal.
- Acceleration of an account is automatic at the Lender's option upon missed payment, or non- monetary default (insurance lapse, security depletion, etc.) according to the terms of the promissory note.
- Past due accounts are charged \$10 per day or 6 percent per annum default charges, plus 15 percent of debt amount for legal fees. Charges may be waived if account is restructured. Default charges will not be included in a request for payment from FSA under the guarantee or indicated on a ledger provided as support for the claim.
- When loans are 90 days past due, (earlier if non-monetary default, no prospect for repayment or the borrower is uncooperative) the borrower will

be notified that loan is due in full and the Lender intends to remedy default by legal action (acceleration). Account is placed on non-accrual basis. At this point, unless an extension has been granted, the loan is restructured or referred to legal counsel for acceleration and collection action.

- **Mediation:** Mediation is not applicable to the Lender in Texas, Kansas, or Colorado. Borrowers in Oklahoma and Arkansas may request to mediate the defaulted debt through the Oklahoma farmer creditor mediation program. If a borrower requests mediation in Oklahoma and Arkansas the Lender will attend and participate in mediation meetings in good faith. Forced liquidation actions may be postponed for 30 days when mediation is pending if security is not deteriorating.
- The loan officer in charge of the credit will prepare a plan of action for the liquidation, monitor liquidation and assist in providing reports to FSA.
- Within 30 days of acceleration of a loan (90 days after payment due date), the Lender or its counsel will initiate repossession of collateral.
- Moderate protective advances not to exceed \$10,000 without FSA concurrence may be made to protect the value of the collateral.
- Reporting and approval requirements: See sections 762.141(a) and 762.149(d) of 7 CFR part 762.
- Release from liability: The Lender will release or agree to release the borrower from liability only with FSA written concurrence after payment of a final loss according to section 762.146(c) of 7 CFR part 762. Releases will only be recommended by the Lender with the concurrence by the Senior Vice President in charge of FSA guaranteed lending. See PLP Credit Management System section III.D. 1.b. Release of liability after liquidation may not be part of a liquidation plan unless approved by FSA.
- Acquisition of real estate security: The responsible Loan Officer or workout officer will review the collateral for possible environmental liability. If environmental problems are found, the Lender's decision on acceptance of a deed in lieu of foreclosure or assessment of protective bids to be made at foreclosure will be made by the market president or Senior Vice President in charge of FSA guaranteed leading in consultation with the Lender's special assets division.
- Final Loss Claims will be prepared submitted, reviewed and approved according to section 762.149(i) of 7 CFR part 762.